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Star Bulletin

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Letters to the Editor

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Lingle administration changes set the stage for economic gains

THE Star-Bulletin's Oct. 30 front-page story "Vibrant economy not all Lingle's doing" states the obvious, but misses the mark.

While most of the credit goes to the businesses that are the foundation of our state's economic well-being, numerous actions taken by the Lingle-Aiona administration have contributed to the dramatic improvement in our state's business climate since 2002.

When Gov. Linda Lingle took office, Hawaii had a reputation as a place where you had to know someone in government to get something done. That reputation was shattered in Lingle's first year, with the passage of legislation that makes it clear that contractors don't have to "pay to play" to get government contracts.

The Lingle-Aiona administration has made many other fundamental changes to Hawaii's business climate, which was previously considered one of the worst in the nation. One of the attitudinal shifts alluded to in the article was to stop viewing and treating Hawaii's employers and employees as adversaries. For example, the Department of Labor and Industrial Relations replaced heavy-handed, ineffective approaches to enforcing workplace safety laws with a consultative approach to educate and work with business, resulting in a significant reduction in workplace injuries. Likewise, DLIR worked with labor unions to increase worker safety.

ANOTHER example is the creation of a "one-stop shop" where businesses can easily renew their permits and yearly registrations online. Further, the Lingle-Aiona administration has supported business associations to obtain lower health insurance premiums, has worked to lower workers' compensation costs and has pushed for lowering the unemployment insurance tax on employers. In the workers comp arena, the administration's efforts resulted in Hawaii moving from having the third-highest insurance premiums in the nation in 2002 to now placing 15th in 2006, according to a recent Oregon state study.

Businesses have taken note of this new approach by the state government. Many have opened or expanded in Hawaii, giving consumers the benefits of additional competition in industries as diverse as insurance (where Summerlin, Dong Bu, ICAT and AAA of Southern California have joined the marketplace) and banking. While there have been many "up" periods in our state's economy since statehood, no new state-chartered banks were created until the Lingle-Aiona administration, when two (Pacific Rim and Ohana Pacific) opened their doors, a further tribute to the confidence businesses now have in our state.

IT IS A mistake to attribute our current economic growth as the influence of a strong national and international economy. For the 12 years from 1991 to 2002, the average annual gross domestic product growth for the United States was 2.9 percent. For East and Southeast Asia, the average annual GDP growth rate for the 1990s was more than 5 percent. Meanwhile, Hawaii's gross state product stagnated at an average of 0.01 percent a year -- essentially no growth while all of those around us were healthy.

Since Lingle came into office, Hawaii's GSP has grown an average of 4.6 percent a year, while the U.S. GDP has grown by an average of 3.2 percent a year. This is the first time in 30 years that Hawaii's GSP has exceeded the national GDP. GDP growth for Japan, Hawaii's other important market, averaged 1.6 percent. This undercuts the argument that Hawaii is simply following national or international trends.

Another indicator of Hawaii's economic vitality is personal income, which has been up in Hawaii by almost 27 percent since 2003. This is money in people's pockets to raise them out of poverty or improve their standard of living.

THE MOST significant difference for Hawaii between the past three years and the 12 years before that is the confidence that businesses and individuals have in Hawaii's future. This has shown up in various statewide surveys on business confidence. Local banks, for instance, have reported record high confidence levels for the past three years.

The "economy" is not as mysterious as some economists would have us think. In essence, it is the total of thousands of individual decisions made by business owners, employees and consumers. When people trust their government to make decisions that are rational, fair and even-handed, they will have the confidence to invest in the future. That is the environment the Lingle-Aiona administration has established since Linda Lingle took office, and Hawaii is better off as a result.

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Mark Recktenwald
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Nelson Bettel
 Director, Department of Labor and Industrial Relations
Kurt Kawafuchi
 Director, Department of Taxation

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